



ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

23 NOVEMBER 1, 2016

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November 01, 2016

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

Mitchell H. Katz, M.D.
Director

Hal F. Yee, Jr., M.D., Ph.D.
Chief Medical Officer

Christina R. Ghaly, M.D.
Chief Operations Officer

**APPROVAL OF AN AGREEMENT WITH RANCHO RESEARCH INSTITUTE,
INC., A NON-PROFIT, REPORTABLE SUPPORT GROUP
(SUPERVISORIAL DISTRICT 4)
(3 VOTES)**

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www.dhs.lacounty.gov

*To ensure access to high-quality,
patient-centered, cost-effective
health care to Los Angeles County
residents through direct services at
DHS facilities and through
collaboration with community and
university partners.*

SUBJECT

Approval and delegated authority to: (i) negotiate and execute a Sponsored Program Agreement with Rancho Research Institute, Inc. for the provision of sponsored educational and community programs at Rancho Los Amigos National Rehabilitation Center; and (ii) take other contractual actions related to the Agreement.

IT IS RECOMMENDED THAT THE BOARD:

1. Delegate authority to the Director of Health Services (Director), or his designee, to: (i) negotiate and execute a Sponsored Programs Agreement, including terms and conditions for space use, with the non-profit, reportable support group Rancho Research Institute, Inc. (RRI), effective upon execution for 50 days and thereafter automatically renewing in 50-day increments until terminated by either party, for the provision of various sponsored educational and community programs at Rancho Los Amigos National Rehabilitation Center (RLANRC) with no monies exchanged by the parties; and ii) modify County's standard contract terms and conditions with respect to indemnification and insurance and/or exclude certain non-applicable terms and conditions; upon approval of County Counsel and the Chief Executive Office (CEO) and notification to the Board.



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2. Delegate authority to the Director, or his designee, to execute Amendments to: (i) approve necessary changes to Sponsored Programs; and (ii) add, delete and/or change certain terms and conditions in the Sponsored Programs Agreement as required by the Board, CEO or designee, or to conform to changes in federal or state law or regulation.

3. Authorize current and future County employees to serve in key roles within RRI, where they can provide input and direction for RRI operations, including but not limited to participation in RRI's Board of Directors, with two weeks' prior notice to the Board and CEO prior to such future appointments.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Background

RRI is a non-profit, reportable support group initially organized by physicians at RLANRC with a mission of engaging in research and educational activities which contribute to the County's provision of healthcare services and benefit the medical community and public at large. RRI is distinct from the Rancho Foundation whose primary purpose is to fundraise for RLANRC. The Department of Health Services (DHS) and RRI have a longstanding partnership whereby RRI provides medical research, education programs, and patient services. This partnership began with an initial Board-approved agreement in 1981 with the Professional Staff Association of Rancho Los Amigos (PSA). In 1989, PSA changed its name to the Los Amigos Research and Education Institute, Inc. (LAREI) and subsequently, in 2014, the name changed from LAREI to RRI. There are currently two Board-approved agreements with RRI: 1) Agreement No. H-204040 for medical research and education projects at RLANRC, executed as a successor agreement to the 1981 agreement in 1994, which currently expires October 31, 2016, although there is an option to extend on a month to month basis for up to twelve months; and 2) Agreement No. H-702969 for the provision of orthotic services which expires February 28, 2017. RRI's activities under the current two agreements are an integral component of the operations at RLANRC.

While RRI's mission has not changed, the services it provides have evolved over the years to adapt to the changing needs of RLANRC patients and changes in technology. DHS recently determined that a more robust and comprehensive agreement should succeed the existing Medical Research and Education Agreement that dates from 1994 to more appropriately cover the full array of programs which RRI is conducting or will conduct in the future at RLANRC. In addition, with RLANRC undergoing an extensive capital improvement project, there are opportunities for RRI to further expand its offering of educational and community programs, which would require amendments to the current agreement. DHS believes that the consolidation of RRI's two agreements into a single agreement provides better accountability over the relationship and that the way the new agreement is structured will allow RLANRC and RRI to nimbly adapt to the changing patient and community needs. The capital improvements will be accomplished in phases and DHS proposes to take a similar approach with this single Sponsored Programs Agreement, phasing in programs from the two current agreements. A Sponsored Program is a program or category of programs defined in the Agreement that are for the benefit of RLANRC patients or RLANRC, the medical community, and/or the health and wellness of the community at large. Sponsored Programs may be research, education, or community oriented and may receive grants, contracts, gifts, and/or other means of financial assistance in the form of money, property, or both in order to carry out a project or activity under the Agreement.

The focus of the first phase of the capital improvements at RLANRC is the new Don Knabe Wellness Center (Wellness Center) scheduled to open November 2016. The current wellness center was

funded by grant monies received by the Rancho Foundation from the Los Angeles Care Community Foundation. RRI, through its Medical Research and Education Agreement, provides accessible gymnasium and wellness services in the current wellness center housed in various locations on the RLANRC campus. With the opening of the new Wellness Center, it is necessary to incorporate and delineate RRI's and RLANRC's responsibilities within the new space. RRI will operate a portion of the facility and its wellness offerings, which will include fitness areas with accessible equipment available to members for self-directed exercise, a wide array of classes focusing on improving balance, strength, endurance, coordination, and enhanced overall physical activity. Support and educational programs will be geared for people with a disability and for care providers, as well as other community participants, addressing a variety of topics from nutrition and recreation to management of diabetes, and living with aphasia. The pool and space designated for aquatic therapy will be managed by RLANRC as part of the hospital's licensed operations and is not available to the general public. RRI's services in the new space collectively will be referred to as the Wellness Center Program, which is the first educational and community program to be phased in at this time into the Sponsored Programs Agreement. The Sponsored Programs Agreement is structured to accommodate the phasing in of other current programs and any new programs developed collaboratively between RLANRC and RRI. DHS plans to return to the Board to request authority to amend the Sponsored Programs Agreement to add the remaining programs from RRI's two current agreements.

Recommendations

Approval of the first recommendation will allow the Director, or his designee, to negotiate and execute a Sponsored Programs Agreement with RRI to begin the consolidation of the services provided under its current two agreements starting with the Wellness Center Program. The Sponsored Programs Agreement will include appropriate language to comply with applicable Internal Revenue Service requirements associated with government-issued, tax-exempt bond financing of capital projects. The Agreement will also include terms and conditions for space use including a description of space usage and the corresponding fair market value. The Agreement term will be in 50-day increments to ensure that the Agreement is not characterized as giving rise to private use of the applicable County space and thereby adversely impact the tax-exempt status of County-issued bond financing at RLANRC. There is precedent for using this 50-day term length with automatic renewals in 50 day increments and space use language. In 2011, the Board approved an agreement with such agreement term length and space use language for child care, shops, and coffee bar concession services with the non-profit, reportable support group Los Angeles County- U.S.C. Medical Center Auxiliary, also known as the Center Auxiliary for Recruitment, Education, and Services (CARES).

Approval of the second recommendation will allow the Director, or his designee, to amend the Agreement to make necessary changes to the scope of the Sponsored Programs and to make changes to add, delete and/or change certain terms and conditions in the Sponsored Programs Agreement as required by the Board, CEO or designee, or to conform to changes in federal or state law or regulation.

Approval of the third recommendation will allow current and future County employees to serve on RRI's Board of Directors or hold key RRI positions, in accordance with the County Fiscal Manual (Chapter 16). With the integral role that RRI serves at RLANRC, it is in the County's best interests to permit County employees to serve on RRI's Board of Directors and hold key positions. This will enable DHS to remain responsive to organizational and strategic changes within RRI and ensure continuity of County representation within RRI's decision-making bodies. In order to avoid any conflict of interest, the Sponsored Program Agreement will prohibit County employees that are

administering and monitoring the Sponsored Program Agreement from being employed and/or otherwise compensated by RRI and such County employees shall not be members of RRI's Board.

Implementation of Strategic Plan Goals

The recommended actions support Goal 1- Operational Effectiveness/Fiscal Sustainability and Goal 2- Community Support and Responsiveness of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

There will be no exchange of monies between the parties for the Wellness Center Program.

All expenditures from the income, monies, funds, assets, or resources of the Sponsored Programs shall be limited to the financing of the operation of such Sponsored Programs. The net proceeds derived from such operations shall be used solely for the benefit of such Sponsored Programs from which it was derived, unless otherwise specified in the Sponsored Program Agreement.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The recommended Agreement has been designed to allow for the addition of other Sponsored Programs which will enable DHS to memorialize the relationship with RRI in a single document.

DHS will include all required County contract provisions that are applicable to the Sponsored Programs. The County's standard indemnification and insurance provisions may need to be modified. County Counsel and CEO will approve the Agreement as to form prior to execution.

CONTRACTING PROCESS

RRI is a reportable foundation/support group providing support through Sponsored Programs at RLANRC. A reportable foundation/support group provides support to County departments in the form of monetary or equipment donations, research, education, volunteer labor, etc., and its primary purpose is to directly and indirectly benefit the department and its mission or clients. This Agreement complies with the County Fiscal Manual (Chapter 16) which states that departments should establish Board-approved Agreements with their reportable foundations and support groups that specifically define the roles and responsibilities of each party and be approved as to form by County Counsel.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommendations will ensure the continuation of RRI's provision of Sponsored Programs at RLANRC benefiting RLANRC and its current and former patients, the medical community, and the community at large.

The Honorable Board of Supervisors

11/1/2016

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Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mitchell Katz". The signature is fluid and cursive, with the first name "Mitchell" written in a larger, more prominent script than the last name "Katz".

Mitchell H. Katz, M.D.

Director

MHK:es

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors